



Reducing Unemployment Insurance Improper Payments

**U.S. Department of Labor
Employment & Training Administration
Office of Unemployment Insurance
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Getting the Rate Down

- Focus on Detection and Prevention in 3 Major Root Cause Areas:
 - Claimants Continuing to Claim After Returning to Work (Benefit Year Earnings)
 - Untimely / Insufficient Separation Information from Employers and Third Party Administrators
 - Employment Service Registration
- Increased State Direction / Funding / Focus
- New Tools & Technology

Benefit Year Earnings (BYE) Strategies

- State Use of National Directory of New Hires (NDNH) and Recommended Operating Procedures
 - Encouraging Enhanced Cross-Match Procedure to Flag NDNH “Hits” for Follow-Up before a Continued Claim is Authorized
- New State Performance Measure Focused on Overpayment Prevention
- Claimant and Employer Messaging Campaign

Separation Issue Strategies

- State and Business Implementation of the State Information Data Exchange System (SIDES)
 - 18 States Have Implemented SIDES and 25 More States are in Different Stages of Programming and Testing
- State Marketing of SIDES to Employers and Third Party Administrators

Recovery Strategies

- State Implementation of the Treasury Offset Program (TOP)
 - 13 States Have Implemented TOP and 14 More States are in Various Stages of Implementation
- New State Performance Measure Focused on Recovery of UI Overpayments

Fiscal Year	Recovery Targets ¹
2011	45%
2012	64%
2013	72%
¹ UI+EB+EUC, Including TOP (Adjusted for Waivers)	

SUTA Dumping & Misclassification of Workers Activities

- Automated State Unemployment Tax Act (SUTA) Dumping Detection System (SDDS) Used to Conduct Investigations to Detect Employers Engaged in UI Tax Rate Manipulation
- Detection and Enforcement Activities to Address Workers Mistakenly Classified by an Employer as a Non-Employee

Integrity Act Provisions

- Three Provisions of Integrity Act Included in Trade Act Reauthorization Signed into Law on October 21, 2011
 - Mandatory Penalty Assessment of 15% on UI Fraud Claims
 - Prohibition on Non-charging Due to Employer Failure to Respond Timely and Adequately
 - Requirement for Employers to Report Rehired Employees to Directory of New Hires within 60 Days

State-Specific Solutions

- IT Modernization
 - Consortia Development of Core UI Benefits or Tax and Benefits Systems that Are Also Exportable to Other States
- FY 2012 Supplemental Funding for States
 - Required Core Integrity Activities
 - Incentive Funding for State-Specific Strategies to Reduce Improper Payments